

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

**W-02197A**



**Humboldt Water Systems Inc**

**PO Box 10593**

**Sedona, AZ 86339**

**ANNUAL REPORT**

FOR YEAR ENDING

12	31	2005
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**RECEIVED**

MAR 24 2006

**Z Corporation Commissio**  
**Director of Utilities**

FOR COMMISSION USE

ANN04	05
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Entered  
3-26-06  
RF

## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>Humboldt Water Systems Inc.</u>		
Mailing Address <u>PO Box 10593</u>		
<u>Sedona</u> (City)	<u>Arizona</u> (State)	<u>86339</u> (Zip)
<u>928-203-0890</u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u>928-301-3723</u> Pager/Cell No. (Include Area Code)
Email Address <u>timkyllo@msn.com</u>		
Local Office Mailing Address <u>PO Box 10593</u>		
<u>Sedona</u> (City)	<u>AZ</u> (State)	<u>86339</u> (Zip)
<u></u> Local Office Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
Email Address <u></u>		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>Tim Kylo</u>		<u>Pres</u>	
<u></u> (Name)	<u></u> (Title)		
<u>PO Box 10593</u> (Street)	<u>Sedona</u> (City)	<u>AZ</u> (State)	<u>86339</u> (Zip)
<u></u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address <u></u>			
<b>On Site Manager:</b> <u>Tim Kylo</u>			
<u></u> (Name)			
<u>PO Box 10593</u> (Street)	<u>Sedona</u> (City)	<u>AZ</u> (State)	<u>86339</u> (Zip)
<u></u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address <u></u>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

**Statutory Agent:** Tim Kylo

(Name)

PO Box 10593  
(Street)

Sedona  
(City)

AZ  
(State)

86339  
(Zip)

928 204 0604

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Attorney:** NONE

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### **OWNERSHIP INFORMATION**

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) \_\_\_\_\_

### **COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☒ YAVAPAI

☐ YUMA

☐ STATEWIDE

**COMPANY NAME Humboldt Water**

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization	2,378	832	1,546
302	Franchises			
303	Land and Land Rights	6,650	0	6,650
304	Structures and Improvements	10,041	2,173	7,868
307	Wells and Springs	19,897	17,144	2,753
311	Pumping Equipment	48,916	40,100	8,816
320	Water Treatment Equipment	2,087	2,087	0
330	Distribution Reservoirs and Standpipes	47,943	31,914	16,029
331	Transmission and Distribution Mains	119,437	83,830	35,607
333	Services	42,437	22,658	20,080
334	Meters and Meter Installations	230,549	21,405	9,144
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>330,635</b>	<b>222,141</b>	<b>108,494</b>

This amount goes on the Balance Sheet Acct. No. 108

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	2,378	5%	119
302	Franchises			
303	Land and Land Rights	6,650	0	0
304	Structures and Improvements	10,041	5%	502
307	Wells and Springs	19,897	5%	995
311	Pumping Equipment	48,916	5%	2,446
320	Water Treatment Equipment	2,087		0
330	Distribution Reservoirs and Standpipes	47,943	5%	2,397
331	Transmission and Distribution Mains	119,437	5%	5,972
333	Services	42,738	5%	2,137
334	Meters and Meter Installations	30,549	5%	1,527
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>323,985</b>		<b>16,095</b>

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
 Acct. No. 403.

**BALANCE SHEET**

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 5,324	\$ 6,030
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 5,324	\$ 6,030
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 308,269	\$ 330,635
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	206,047	222,141
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$102,222	\$ 108,494
	<b>TOTAL ASSETS</b>	<b>\$ 107,546</b>	<b>\$ 114,524</b>

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	17,088	18,721
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 17,088</b>	<b>\$ 18,721</b>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 29,833	\$ 26,133
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	26,329	33,359
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$ 26,329</b>	<b>\$ 33,359</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 73,250</b>	<b>\$ 78,213</b>
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 2,013	\$ 2,013
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	(36,309)	(46,598)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	<b>\$</b>	<b>\$</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 107,546</b>	<b>\$ 114,524</b>

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 109,922	\$ 116,082
460	Unmetered Water Revenue		
474	Other Water Revenues	630	945
	<b>TOTAL REVENUES</b>	<b>\$ 110,522</b>	<b>\$ 117,027</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	8,108	8,434
618	Chemicals	3,540	3,784
620	Repairs and Maintenance	29,785	34,181
621	Office Supplies and Expense	1,200	1,200
630	Outside Services	68,436	50,114
635	Water Testing	1,519	1,519
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	2,600	4,000
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	1,200	1,200
403	Depreciation Expense	15,226	16,095
408	Taxes Other Than Income		
408.11	Property Taxes	5,877	5,922
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 121,065</b>	<b>\$ 126,449</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (11,143)</b>	<b>\$ (9,422)</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	918	867
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$</b>	<b>\$</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (12,061)</b>	<b>\$ (10,289)</b>



**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	01/09/99			
Source of Loan	wifa			
ACC Decision No.	61529			
Reason for Loan	improvements			
Dollar Amount Issued	\$39,500	\$	\$	\$
Amount Outstanding	\$30,178	\$	\$	\$
Date of Maturity	12/31/2019			
Interest Rate	5.81 %	%	%	%
Current Year Interest	\$915	\$	\$	\$
Current Year Principle	\$2,429	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 20,899

Meter Deposits Refunded During the Test Year

\$ 983

**COMPANY NAME Humboldt Water**

## **WATER COMPANY PLANT DESCRIPTION**

### **WELLS**

<b>ADWR ID Number*</b>	<b>Pump Horsepower</b>	<b>Pump Yield (gpm)</b>	<b>Casing Depth (Feet)</b>	<b>Casing Diameter (Inches)</b>	<b>Meter Size (inches)</b>	<b>Year Drilled</b>
623784	5	40	150	6	1 1/2	?
533639	10	150	300	8	3	1991

\* Arizona Department of Water Resources Identification Number

### **OTHER WATER SOURCES**

<b>Name or Description</b>	<b>Capacity (gpm)</b>	<b>Gallons Purchased or Obtained (in thousands)</b>

<b>BOOSTER PUMPS</b>		<b>FIRE HYDRANTS</b>	
<b>Horsepower</b>	<b>Quantity</b>	<b>Quantity Standard</b>	<b>Quantity Other</b>
10	2		

<b>STORAGE TANKS</b>		<b>PRESSURE TANKS</b>	
<b>Capacity</b>	<b>Quantity</b>	<b>Capacity</b>	<b>Quantity</b>
65,000	1		
10,000	1		
5,000	1		

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)****MAINS**

Size (in inches)	Material	Length (in feet)
2	Steel	10,000
3		
4	pvc	15,740
5	Steel	3,500
6		
8		
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	
3/4	273
1	3
1 1/2	1
2	3
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

**TREATMENT EQUIPMENT:**

Chlorine injector

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**STRUCTURES:**

Fenced well lot and building

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**OTHER:**


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**COMPANY NAME: Humboldt Water Systems**

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005**

<b>MONTH</b>	<b>NUMBER OF CUSTOMERS</b>	<b>GALLONS SOLD</b>	<b>GALLON PUMPED (Thousands)</b>
<b>JANUARY</b>	278	1,516	1,667
<b>FEBRUARY</b>	280	1,271	1,461
<b>MARCH</b>	282	1,056	1,151
<b>APRIL</b>	277	1,492	1,611
<b>MAY</b>	283	1,782	1,960
<b>JUNE</b>	282	2,629	2,813
<b>JULY</b>	285	2,658	2,897
<b>AUGUST</b>	289	1,915	2,029
<b>SEPTEMBER</b>	291	2,086	2,175
<b>OCTOBER</b>	288	2,210	2,431
<b>NOVEMBER</b>	297	1,542	1,665
<b>DECEMBER</b>	287	1,623	1,780
<b>TOTAL</b>		<b>21,780</b>	<b>23,640</b>

**Is the Water Utility located in an ADWR Active Management Area (AMA)?**

☒ **Yes**

☐ **No**

**Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?**

☐ **Yes**

☒ **No**

**If yes, provide the GPCPD amount: \_\_\_\_\_**

**What is the level of arsenic for each well on your system. .08 mg/l**  
*(If more than one well, please list each separately.)*

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

COMPANY NAME Humboldt Water YEAR ENDING 12/31/2005

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 5,922.20

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

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VERIFICATION  
AND  
SWORN STATEMENT  
Taxes

RECEIVED

MAR 29 2006

Z Corporation Commissic  
Director of Utilities

VERIFICATION

STATE OF AZ  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)	<u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Timothy L 167110</u>
COMPANY NAME	<u>Humboldt Water Systems Inc.</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

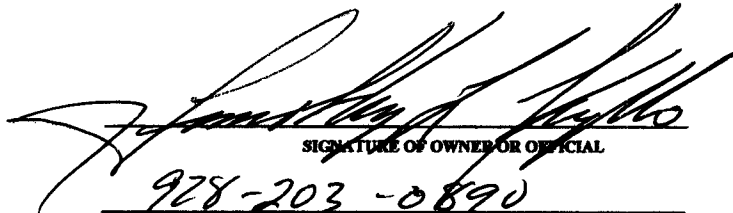
MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

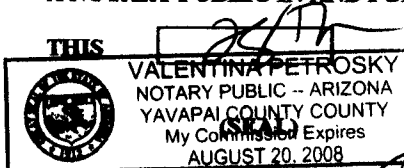
I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

  
SIGNATURE OF OWNER OR OFFICIAL  
928-203-0890  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



MY COMMISSION EXPIRES

THIS 20th DAY OF March

COUNTY NAME Yavapai

MONTH March .2006

  
SIGNATURE OF NOTARY PUBLIC

12/29/2005

Yavapai County Treasurer

\*\*5,922.20

Five Thousand Nine Hundred Twenty-Two and 20/100\*\*\*\*\*

Yavapai County Treasurer  
1015 Fair Street  
Prescott, AZ 86305

Full Year Tax 2005

Yavapai County Treasurer  
Taxes:Property

12/29/2005

5,922.20

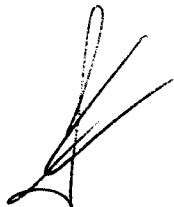
National Bank Che Full Year Tax 2005

5,922.20

Yavapai County Treasurer  
Taxes:Property

12/29/2005

5,922.20

A handwritten signature in black ink, consisting of several overlapping loops and a long, sweeping stroke extending upwards and to the right.

National Bank Che Full Year Tax 2005

5,922.20

2/16/2005

AZ Dept of Revenue

\*\*504.09

Five Hundred Four and 09/100\*\*\*\*\*

AZ Dept of Revenue  
Sales Tax Division  
P.O. Box 29010  
Phoenix, AZ 85038-9010

License # 13 027409-C

AZ Dept of Revenue  
Taxes:Sales State

January 2005 sales

2/16/2005

504.09

Checking M & I Ba License # 13 027409-C

504.09

AZ Dept of Revenue  
Taxes:Sales State

January 2005 sales

2/16/2005

504.09

Checking M & I Ba License # 13 027409-C

504.09



4/19/2005

AZ Dept of Revenue

\*\*383.89

Three Hundred Eighty-Three and 89/100\*\*\*\*\*

AZ Dept of Revenue  
Sales Tax Division  
P.O. Box 29010  
Phoenix, AZ 85038-9010

13027409-C

AZ Dept of Revenue  
Taxes:Sales State

March 2005

4/19/2005

383.89

National Bank Che 13027409-C

383.89

AZ Dept of Revenue  
Taxes:Sales State

March 2005

4/19/2005

383.89

National Bank Che 13027409-C

383.89

5/19/2005

AZ Dept of Revenue

\*\*539.96

Five Hundred Thirty-Nine and 96/100\*\*\*\*\*

AZ Dept of Revenue  
Sales Tax Division  
P.O. Box 29010  
Phoenix, AZ 85038-9010

13027409-C

AZ Dept of Revenue  
Taxes:Sales State

April 2005

5/19/2005

539.96

National Bank Che 13027409-C

539.96

AZ Dept of Revenue  
Taxes:Sales State

April 2005

5/19/2005

539.96

National Bank Che 13027409-C

539.96

6/20/2005

AZ Dept of Revenue

\*\*582.28

Five Hundred Eighty-Two and 28/100\*\*\*\*\*

AZ Dept of Revenue  
Sales Tax Division  
P.O. Box 29010  
Phoenix, AZ 85038-9010

13027409-C

AZ Dept of Revenue  
Taxes:Sales State

May 2005

6/20/2005

582.28

National Bank Che 13027409-C

582.28

AZ Dept of Revenue  
Taxes:Sales State

May 2005

6/20/2005

582.28

National Bank Che 13027409-C

582.28

7/6/2005

AZ Dept of Revenue

\*\*612.53

Six Hundred Twelve and 53/100\*\*\*\*\*

AZ Dept of Revenue  
Sales Tax Division  
P.O. Box 29010  
Phoenix, AZ 85038-9010

13027409-C

AZ Dept of Revenue  
Taxes:Sales State

June 2005

7/6/2005

612.53

National Bank Che 13027409-C

612.53

AZ Dept of Revenue  
Taxes:Sales State

June 2005

7/6/2005

612.53

National Bank Che 13027409-C

612.53

8/17/2005

AZ Dept of Revenue

\*\*693.54

Six Hundred Ninety-Three and 54/100\*\*\*\*\*

AZ Dept of Revenue  
Sales Tax Division  
P.O. Box 29010  
Phoenix, AZ 85038-9010

13027409-C

AZ Dept of Revenue  
Taxes:Sales State

July 2005

8/17/2005

693.54

National Bank Che 13027409-C

693.54

AZ Dept of Revenue  
Taxes:Sales State

July 2005

8/17/2005

693.54

National Bank Che 13027409-C

693.54

9/19/2005

AZ Dept of Revenue

\*\*881.54

Eight Hundred Eighty-One and 54/100\*\*\*\*\*

AZ Dept of Revenue  
Sales Tax Division  
P.O. Box 29010  
Phoenix, AZ 85038-9010

13027409-C

AZ Dept of Revenue  
Taxes:Sales State

August 2005

9/19/2005

881.54

National Bank Che 13027409-C

881.54

AZ Dept of Revenue  
Taxes:Sales State

August 2005

9/19/2005

881.54

National Bank Che 13027409-C

881.54

10/18/2005

AZ Dept of Revenue

\*\*710.76

Seven Hundred Ten and 76/100\*\*\*\*\*

AZ Dept of Revenue  
Sales Tax Division  
P.O. Box 29010  
Phoenix, AZ 85038-9010

13027409-C

AZ Dept of Revenue  
Taxes:Sales State

September 2005

10/18/2005

710.76

National Bank Che 13027409-C

710.76

AZ Dept of Revenue  
Taxes:Sales State

September 2005

10/18/2005

710.76

National Bank Che 13027409-C

710.76

11/16/2005

AZ Dept of Revenue

\*\*633.24

Six Hundred Thirty-Three and 24/100\*\*\*\*\*

AZ Dept of Revenue  
Sales Tax Division  
P.O. Box 29010  
Phoenix, AZ 85038-9010

13027409-C

AZ Dept of Revenue  
Taxes:Sales State

October 2005

11/16/2005

633.24

National Bank Che 13027409-C

633.24

AZ Dept of Revenue  
Taxes:Sales State

October 2005

11/16/2005

633.24

National Bank Che 13027409-C

633.24



12/19/2005

AZ Dept of Revenue

\*\*671.36

Six Hundred Seventy-One and 36/100\*\*\*\*\*

AZ Dept of Revenue  
Sales Tax Division  
P.O. Box 29010  
Phoenix, AZ 85038-9010

13027409-C

AZ Dept of Revenue  
Taxes:Sales State

November 2005

12/19/2005

671.36

National Bank Che 13027409-C

671.36

AZ Dept of Revenue  
Taxes:Sales State

November 2005

12/19/2005

671.36

National Bank Che 13027409-C

671.36

1/18/2006

AZ Dept of Revenue

\*\*491.61

Four Hundred Ninety-One and 61/100\*\*\*\*\*

AZ Dept of Revenue  
Sales Tax Division  
P.O. Box 29010  
Phoenix, AZ 85038-9010

13027409-C

AZ Dept of Revenue  
Taxes:Sales State

December 2005

1/18/2006

491.61

National Bank Che 13027409-C

491.61

AZ Dept of Revenue  
Taxes:Sales State

December 2005

1/18/2006

491.61

National Bank Che 13027409-C

491.61

1/19/2005

AZ Dept of Revenue

\*\*533.24

Five Hundred Thirty-Three and 24/100\*\*\*\*\*

AZ Dept of Revenue  
Sales Tax Division  
P.O. Box 29010  
Phoenix, AZ 85038-9010

License # 13 027409-C

AZ Dept of Revenue  
Taxes:Sales State

December 2004

1/19/2005

533.24

Checking M & I Ba License # 13 027409-C

533.24

AZ Dept of Revenue  
Taxes:Sales State

December 2004

1/19/2005

533.24

Checking M & I Ba License # 13 027409-C

533.24

COMPANY NAME Humboldt Water YEAR ENDING 12/31/2005

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported s-corp  
Estimated or Actual Federal Tax Liability \_\_\_\_\_

State Taxable Income Reported \_\_\_\_\_  
Estimated or Actual State Tax Liability \_\_\_\_\_

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances \_\_\_\_\_  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
SIGNATURE

03/15/06  
DATE

Timothy L. Kylo  
PRINTED NAME

President  
TITLE

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**VERIFICATION**

STATE OF AZ

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<b>Yavapai</b>
NAME (OWNER OR OFFICIAL) TITLE
<i>Timothy L. Kylo</i>
COMPANY NAME
<i>Humboldt Water Systems</i>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 124,302.74

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 7,275.31  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

*Timothy L. Kylo*  
SIGNATURE OF OWNER OR OFFICIAL

928-203-0890

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

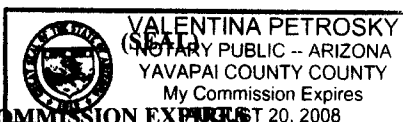
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

20

DAY OF

COUNTY NAME
<i>Yavapai</i>
MONTH
<i>March</i> .20 <u>06</u>



*Valentina Petrosky*  
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME)	<b>Yavapai</b>	
NAME (OWNER OR OFFICIAL)	<b>Timothy L Kylo</b>	TITLE <b>President</b>
COMPANY NAME <b>Humboldt Water Systems Inc.</b>		

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
<b>12</b>	<b>31</b>	<b>2005</b>

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

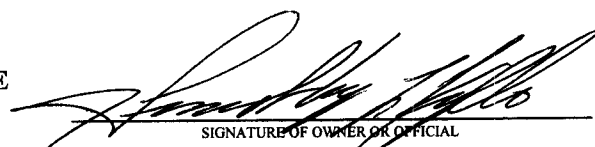
**IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:**

ARIZONA INTRASTATE GROSS OPERATING REVENUES

**\$ 119,342.74**

**(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 6,959.95  
IN SALES TAXES BILLED, OR COLLECTED)**

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

  
SIGNATURE OF OWNER OR OFFICIAL  
**928-203-0890**  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

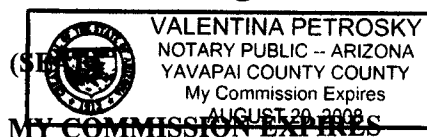
**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

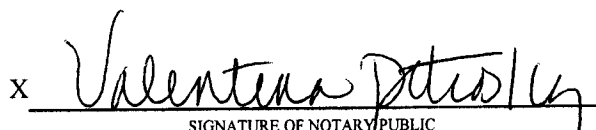
**THIS**

**20th**

**DAY OF**

NOTARY PUBLIC NAME <b>Valentina Petrosky</b>	
COUNTY NAME <b>Yavapai</b>	
MONTH <b>March</b>	<b>2006</b>



**X**   
SIGNATURE OF NOTARY PUBLIC

## **FINANCIAL INFORMATION**

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**